

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:2104

ANSWERED ON:12.12.2008

TAX ON WINDFALL BENEFITS

Aaron Rashid Shri J.M.;Khan Shri Sunil;Rijiju Shri Kiren

**Will the Minister of FINANCE be pleased to state:**

- (a) whether the Government proposes to amend direct tax laws in the matter of taxation of windfall profits by big industrial houses particularly petroleum companies in the country;
- (b) if so, the detailed parameters thereof and the time frame for the same; and
- (c) if not, the reasons therefor?

**Answer**

MINISTER OF STATE IN THE MINISTRY OF FINANCE:(SHRI S.S. PALANIMANICKAM)

(a) No Sir.

(b) Does not arise.

(c) Ordinarily, windfall taxes are levied by the Government to extract the full value of natural resources qua owner. However, an oil refinery is like any other manufacturing unit where the Government is entitled to a share in the profits qua sovereign (by way of tax on profits) and not as qua owner. Therefore, there is no economic justification for imposition of any windfall or excess profit tax on the profits of manufacturing units like oil refinery.